

BALL JANIK LLP

The Honorable Anne K. Quinlan
January 15, 2008
Page 2

The Chief Executive Office of each Grantor is located at:

6100 Southwest Blvd., Suite 320
Fort Worth, TX 76109

A description of the equipment covered by the Second Amendment consists of: all rolling stock and locomotives of Grantors, whether now existing or hereafter acquired, including the rolling stock and locomotives listed on Exhibit A of the Second Amendment.

A fee of \$35.00 is enclosed. Please return the original to:

Karl Morell
Of Counsel
Ball Janik LLP
Suite 225
1455 F Street, N.W.
Washington, DC 20005

A short summary of the document to appear in the index follows: Amendment No. 2 to Security Agreement between Bank of America, N.A., 550 W. Main Street, Knoxville TN 37902 and Rio Grande Pacific Corporation, Idaho Northern & Pacific Railroad Company, Nebraska Central Railroad Company, Wichita, Tillman & Jackson Railway Company and New Orleans & Gulf Coast Railway Company, 6100 Southwest Blvd., Suite 320, Fort Worth, TX 76109.

Sincerely,

A handwritten signature in black ink, appearing to read 'Karl Morell', written in a cursive style.

Karl Morell

Enclosure

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AMENDMENT NO. 2 TO SECURITY AGREEMENT**SURFACE TRANSPORTATION BOARD**

This Amendment No. 2 to Security Agreement (this "Amendment") dated as of October 31, 2007 is by and between **RIO GRANDE PACIFIC CORPORATION**, a Texas corporation ("Rio Grande"); **IDAHO NORTHERN & PACIFIC RAILROAD COMPANY**, a Delaware corporation ("Idaho,"), **NEBRASKA CENTRAL RAILROAD COMPANY**, a Delaware corporation ("Nebraska"); **WICHITA, TILLMAN & JACKSON RAILWAY COMPANY** an Oklahoma corporation ("Wichita"); and **NEW ORLEANS & GULF COAST RAILWAY COMPANY**, a Delaware corporation ("New Orleans") (hereinafter, Rio Grande, Idaho, Nebraska, Wichita, and New Orleans, collectively, the "Grantors") and **BANK OF AMERICA, N.A.**, a national banking association and successor to NationsBank, N.A. ("Bank").

RECITALS

A. Bank has extended a line of credit in the amount of \$10,000,000 to Rio Grande pursuant to an Amended and Restated Credit Agreement dated as of April 23, 1999, as amended by a Modification of Amended and Restated Revolving Credit Facility Loan Documents dated as of July 31, 2002 (the "First Modification"), a letter dated March 24, 2005, a letter dated June 24, 2005, a letter dated August 15, 2005, a Second Modification of Amended and Restated Revolving Credit Facility Loan Documents dated as of September 15, 2005 (the "Second Modification") a letter dated August 24, 2007 and a Third Modification of Amended and Restated Revolving Credit Facility Loan Documents of even date herewith (the "Third Modification") and collectively, the "Credit Agreement");

B. The Credit Agreement is secured by a pledge by Grantors of certain Collateral as set forth in that certain Amended, Restated and Consolidated Security Agreement between the Grantors and Bank dated as of April 23, 1999, as amended by the First Modification an Amendment No. 1 to Security Agreement (the "Amendment No. 1"), the Second Modification and the Third Modification (the "Security Agreement"); and

C. Grantor and Bank desire to amend the Security Agreement as set forth below.

AGREEMENT

1. **Definitions.** Capitalized terms used but not defined in this Amendment shall have the meaning given to them in the Security Agreement.

2. **Amendment to the Security Agreement.** The Security Agreement is amended by deleting Exhibit A in its entirety and substituting in lieu thereof a new Exhibit A in the form attached to this Amendment.

3. **Representations and Warranties.** When Grantors sign this Amendment, they each represent and warrant to Bank that: (a) there is no event which is, or with notice or lapse of time or both would be, an Event of Default under the Security Agreement, (b) the representations and warranties in the Security Agreement are true as of the date of this Amendment ~~as if made on the~~ date of this amendment, (c) this Amendment does not conflict with any law, agreement, or obligation by which such Grantor is bound, and (d) this Amendment is within such Grantor's

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FOR THE DIRECTOR

powers, has been duly authorized, and does not conflict with any of such Grantor's organizational papers.

4. Confirmation of Collateral. Grantors hereby: (i) confirm to Bank all security interests and liens heretofore granted by Grantors to the Bank under the Security Agreement, and (ii) acknowledge and agree that the Obligations continue to be secured by the Collateral pursuant to the terms of the Security Agreement, as amended hereby.

5. Effect of Amendment. Except as provided in this Amendment, all of the terms and conditions of the Security Agreement shall remain in full force and effect. All references to the Security Agreement in any documents executed in connection therewith or the Credit Agreement shall refer to such Security Agreement as amended hereby.

6. Governing Law. This Amendment shall be governed by and construed in accordance with the internal laws of the state provided for in the Security Agreement without reference to conflict of law principles.

7. Counterparts. This Amendment may be executed in counterparts, each of which when so executed shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

8. Notice of Final Agreement.

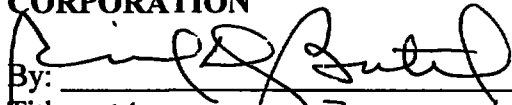
THE SECURITY AGREEMENT AND THIS WRITTEN MODIFICATION AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

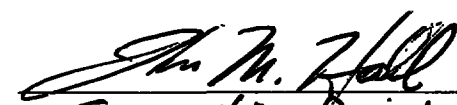
Grantors:

Bank:

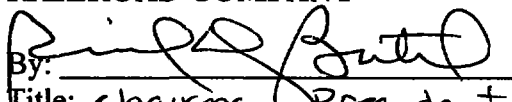
**RIO GRANDE PACIFIC
CORPORATION**

BANK OF AMERICA, N.A.

By: 
Title: Chairman, President & CEO

By: 
Title: Senior Vice President


**IDAHO NORTHERN & PACIFIC
RAILROAD COMPANY**

By: 
Title: Chairman, President & CEO

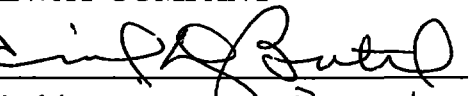
**NEBRASKA CENTRAL
RAILROAD COMPANY**

By: 
Title: Chairman, President & CEO

**WICHITA, TILLMAN & JACKSON
RAILWAY COMPANY**

By: 
Title: Chairman, President & CEO

**NEW ORLEANS & GULF COAST
RAILWAY COMPANY**

By: 
Title: Chairman, President & CEO

6536843.1

EXHIBIT A

[See Attached]

**Rio Grande Pacific Corporation
Fort Worth, Texas**

Revenue Equipment Roster & Collateral Report

11/27/2007

Item #	Road ID	Road No.	Serial #	Model	Date	Cost	FMV	Source	Date	Operational Status
1	INPR	4500	7929-7	GP-40	9/1/1994	140,000	100,000	Mgmt. Est.	8/31/2007	In Service
2	INPR	4501	7929-12	GP-40	9/1/1994	140,000	100,000	Mgmt. Est.	8/31/2007	In Service
3	INPR	4502	7944-1	GP-40	9/1/1994	140,000	100,000	Mgmt. Est.	8/31/2007	In Service
4	INPR	4503	7183-7	GP-40	9/1/1994	155,000	100,000	Mgmt. Est.	8/31/2007	In Service
5	INPR	4504	7183-15	GP-40	9/1/1994	155,000	100,000	Mgmt. Est.	8/31/2007	In Service
6	INPR	4505	7229-18	GP-40	9/1/1994	155,000	100,000	Mgmt. Est.	8/31/2007	In Service
7	INPR	4506	7075-2	GP-35	9/1/1994	120,000	100,000	Mgmt. Est.	8/31/2007	In Service
10	INPR	4509	7774-26	GP-35	9/1/1994	120,000	100,000	Mgmt. Est.	8/31/2007	Out of Service
11	INPR	4510	7774-29	GP-35	9/1/1994	120,000	100,000	Mgmt. Est.	8/31/2007	In Service
12	INPR	1707		GP-16	11/1/1994	65,000	60,000	Mgmt. Est.	8/31/2007	In Service
13	NCRC	4200		GP-38	9/1/1993	213,730	100,000	Mgmt. Est.	8/31/2007	In Service
14	NCRC	4201		GP-38	10/1/1993	213,730	100,000	Mgmt. Est.	8/31/2007	In Service
15	NCRC	4202		GP-38	10/1/1993	213,730	100,000	Mgmt. Est.	8/31/2007	In Service
16	NCRC	4203		GP-38	10/1/1993	213,730	100,000	Mgmt. Est.	8/31/2007	In Service
17	NCRC	4204		GP-38	11/1/1993	213,730	100,000	Mgmt. Est.	8/31/2007	In Service
18	NCRC	5315		SD-45	5/29/1997	175,000	90,000	Mgmt. Est.	8/31/2007	In Service
19	NCRC	5332		GP-9	3/24/1997	175,000	90,000	Mgmt. Est.	8/31/2007	In Service
20	NCRC	4600		GP-9	9/16/2004	59,095	75,000	Mgmt. Est.	8/31/2007	In Service
21	NCRC	4603		GP-9	9/17/2004	59,095	75,000	Mgmt. Est.	8/31/2007	In Service
22	NCRC	4606		GP-9	9/18/2004	59,095	75,000	Mgmt. Est.	8/31/2007	In Service
23	NCRC	4608		GP-9	9/19/2004	59,095	75,000	Mgmt. Est.	8/31/2007	In Service
24	WTJR	4443		GP-7	3/1/1991	91,869	50,000	Mgmt. Est.	8/31/2007	In Service
25	WTJR	4451		GP-7	3/1/1991	91,869	50,000	Mgmt. Est.	8/31/2007	In Service
26	WTJR	4454		GP-7	4/12/1991	91,869	50,000	Mgmt. Est.	8/31/2007	In Service
27	WTJR	4367		GP-7	4/12/1991	91,869	50,000	Mgmt. Est.	8/31/2007	In Service
28	WTJR	4364		GP-7	4/12/1991	91,869	50,000	Mgmt. Est.	8/31/2007	In Service
29	WTJR	4370		GP-7	4/12/1991	91,869	50,000	Mgmt. Est.	8/31/2007	In Service
30	NOLR	1229		SW-1200	4/1/1999	100,000	40,000	Mgmt. Est.	8/31/2007	In Service
31	NOLR	2180		GP-7	4/1/1999	125,000	50,000	Mgmt. Est.	8/31/2007	In Service
							2,330,000			

Confidential

NOG Capital Equipment Corporation For Month of:										11/27/2007	
Key: equl Equipment Roster & Collateral Report											
Item #	Owner	Road ID	Road No.	Steel Stencil #	AAR Type	FMV	Source	Date	Operational Status		
1	INPR		51038		40' Flat	2,000	MGMT	8/31/2007	at INPR in service		
2	INPR		51048		40' Flat	2,000	MGMT	8/31/2007	at INPR in service		
3	INPR		51164		40' Flat	2,000	MGMT	8/31/2007	at WTJR in service		
4	INPR		51172		40' Flat	2,000	MGMT	8/31/2007	at NCRC in service		
5	INPR		51183		40' Flat	2,000	MGMT	8/31/2007	at NOGC in service		
6	INPR		51330		40' Flat	2,000	MGMT	8/31/2007	at NOGC in service		
7	INPR		51355		40' Flat	2,000	MGMT	8/31/2007	at INPR in service		
8	INPR		51371		40' Flat	2,000	MGMT	8/31/2007	at NOGC in service		
9	INPR		51477		40' Flat	2,000	MGMT	8/31/2007	at NOGC in service		
10	INPR		51512		40' Flat	2,000	MGMT	8/31/2007	at NOGC in service		
11	INPR		58563		50' Flat	2,500	MGMT	8/31/2007	at WTJR in service		
12	INPR		58571		50' Flat	2,500	MGMT	8/31/2007	at INPR in service		
13	INPR		58958		50' Flat	2,500	MGMT	8/31/2007	at NCRC in service		
14	INPR		59567		50' Flat	2,500	MGMT	8/31/2007	at NCRC in service		
15	INPR		59610		50' Flat	2,500	MGMT	8/31/2007	at NCRC in service		
16	INPR		59682		50' Flat	2,500	MGMT	8/31/2007	at NCRC in service		
17	INPR		66819		40' Gon. Log	4,000	MGMT	8/31/2007	at NCRC in service		
18	INPR		66833		40' Gon. Log	4,000	MGMT	8/31/2007	at NCRC in service		
19	INPR		66845		40' Gon. Log	4,000	MGMT	8/31/2007	at NCRC in service		
20	INPR		66861		40' Gon. Log	4,000	MGMT	8/31/2007	at NCRC in service		
21	INPR		66868		40' Gon. Log	4,000	MGMT	8/31/2007	at NCRC in service		
22	INPR		66880		40' Gon. Log	4,000	MGMT	8/31/2007	at NCRC in service		
23	INPR		66900		40' Gon. Log	4,000	MGMT	8/31/2007	at NCRC in service		
24	INPR		66914		40' Gon. Log	4,000	MGMT	8/31/2007	at NCRC in service		
25	INPR		66924		40' Gon. Log	4,000	MGMT	8/31/2007	at NCRC in service		
26	INPR		66926		40' Gon. Log	4,000	MGMT	8/31/2007	at NCRC in service		
27	INPR		66944		40' Gon. Log	4,000	MGMT	8/31/2007	at NCRC in service		
28	INPR		67501		40' Gon. Log	4,000	MGMT	8/31/2007	at NCRC in service		
29	INPR		67544		40' Gon. Log	4,000	MGMT	8/31/2007	at NCRC in service		
30	INPR		67553		40' Gon. Log	4,000	MGMT	8/31/2007	at NCRC in service		
31	INPR		67604		40' Gon. Log	4,000	MGMT	8/31/2007	at NCRC in service		
32	INPR		67613		40' Gon. Log	4,000	MGMT	8/31/2007	at NCRC in service		
33	INPR		67618		40' Gon. Log	4,000	MGMT	8/31/2007	at NCRC in service		

**Bank of America
Rolling Stock**

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Rio Grande Pacific Corporation Rolling Stock Revenue Equipment Roster & Collateral Report									
8/31/2007									
Item #	Owner	Road ID	Road No.	Steel Stencil #	AAR Type	FMV	Source	Date	Operational Status
34	INPR		67632		40' Gon. Log	4,000	MGMT	8/31/2007	at NCRC in service
35	INPR		67634		40' Gon. Log	4,000	MGMT	8/31/2007	at NCRC in service
36	INPR		54662		60' Flat	8,500	MGMT	8/31/2007	at INPR in service
37	INPR		54670		60' Flat	3,000	MGMT	8/31/2007	at INPR in service
38	INPR		54736		60' Flat	8,500	MGMT	8/31/2007	at INPR in service
39	INPR		54798		60' Flat	5,500	MGMT	8/31/2007	at INPR in service
40	INPR		58186		50' Flat	2,500	MGMT	8/31/2007	at NOGC in service
41	INPR		58310		50' Flat	2,500	MGMT	8/31/2007	at INPR in service
42	INPR		58449		50' Flat	2,500	MGMT	8/31/2007	at INPR in service
43	INPR		58775		50' Flat	2,500	MGMT	8/31/2007	at INPR in service
44	INPR		58848		50' Flat	2,500	MGMT	8/31/2007	at INPR in service
45	INPR		58882		50' Flat	8,500	MGMT	8/31/2007	at INPR in service
46	INPR		58934		50' Flat	8,500	MGMT	8/31/2007	at INPR in service
47	INPR		5009		40' Flat	2,000	MGMT	8/31/2007	at INPR in service
48	INPR		57943		50' Flat	2,500	MGMT	8/31/2007	at INPR in service
49	INPR		57972		50' Flat	2,500	MGMT	8/31/2007	at WTJR in service
50	INPR		58001		50' Flat	2,500	MGMT	8/31/2007	at INPR in service
51	INPR		58390		50' Flat	2,500	MGMT	8/31/2007	at INPR in service
52	INPR		58416		50' Flat	2,500	MGMT	8/31/2007	at NCRC in service
53	INPR		58530		50' Flat	8,500	MGMT	8/31/2007	at INPR in service
54	INPR		58835		50' Flat	2,500	MGMT	8/31/2007	at NCRC in service
55	INPR		58842		50' Flat	2,500	MGMT	8/31/2007	at INPR in service
56	INPR		58970		50' Flat	2,500	MGMT	8/31/2007	at INPR in service
						196,500			

CERTIFICATION

I, Karl Morell, have compared this copy with the original Amendment No. 2 to Security Agreement, dated as of October 31, 2007, and found the copy to be complete and identical in all respects to the original document. I declare under penalty of perjury that the foregoing is true and correct.

A handwritten signature in black ink, appearing to read "Karl Morell", is written over a horizontal line.

Karl Morell

January 15, 2008